

March 30, 2006

Mr. Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

RE: Comments on Proposed Interagency Guidance on Commercial Real Estate Lending (the "Guidance") – FIL-4-2006, January 13, 2006 – Comments Due by April 13, 2006

Dear Mr. Feldman:

On behalf of the Board of Directors of First Capital Bank (the "Bank"), Germantown, Shelby County, Tennessee, please accept these comments on the referenced proposed Guidance.

THE BANK

The Bank is a Tennessee-chartered, non-Member commercial bank domiciled in Germantown, Shelby County, Tennessee. The Bank opened for business in 2003 and can be described as a suburban community bank doing business in a growing and affluent bedroom community of Memphis, Tennessee. At December 31, 2005, the Bank had total assets of \$104,244,000, with total deposit liabilities of \$85,551,000 and total liabilities of \$93,044,000. The Bank has total equity capital of \$11,200,000. At year-end 2005, the Bank had \$34,519,000 in loans secured by real estate in the category "construction, land development and other land loans" with \$879,000 in loans secured by farm land. Loans secured by 1-4 family residential properties totaled \$3,327,000 (revolving, open-end loans); \$11,863,000 (first lien security); \$245,000 (junior lien security); \$406,000 (multi-family residential security); and \$15,782,000 (secured by non-farm non-residential properties).

The Bank's commercial and industrial loans totaled \$13,903,000 at year-end 2005, and revolving credit and other consumer loans totaled \$2,318,000 at year-end. The Bank had no loans to finance commercial real estate, construction, and land development activities that are not amply secured by real estate.

Germantown, Tennessee, is one of the most affluent communities in Tennessee, with a per capita income of well over \$34,000 (2003 data) and retail sales (2004) of \$12,457,752,554. From 1996-2005 the city had 41 new plants (total investment of \$319,173,409) and 777 expansions of existing facilities (\$3,735,971,038). The population of the city of Germantown in 2004 was 37,555.

The Bank competes with twelve (12) other commercial banks in the city of Germantown alone, with others in nearby communities, including Memphis proper. Of these commercial bank competitors, AmSouth Bank, BancorpSouth, Bank of America, N.A., First Tennessee Bank National Association, Regions Bank, SunTrust Bank, Trustmark National Bank, and Wachovia Bank, N.A. are all much larger regional, super regional, and national players and have greater capacity to lend in the commercial real estate market and to absorb the costs associated with the additional burdens that would be imposed by implementation of the Guidance.

This background is provided to put into context the Bank's concerns about the practical burden that would be imposed on the Bank and its community bank counterparts if the Guidance is implemented. The Bank believes that the proposal is likely to disproportionately affect community banks with less than \$1 billion in assets.

THE GUIDANCE

Under the terms of the Guidance, as we understand the proposal, banks with 100% or more of capital in construction, land development and land loans or 300% or more of capital in multi-family and non-farm, non-residential property loans and construction, land development and land loans, will be affected. The Guidance is designed to place additional restrictions on banks with commercial real estate concentrations in order to avoid the kinds of problems that we all recall from the 1980's decline in the commercial real estate markets.

The Bank does not object to regulatory concerns about un-checked concentrations of credit in CRE, but we believe that all of the regulatory tools you need to monitor and supervise lending concentrations are already in place. Our Board of Directors already closely monitors the level of our CRE lending because each member of our Board is a member of the Loan Committee. Once a week, the entire Board gathers to discuss all significant credits within the parameters of our Loan and Credit Administration Policy, and these loans are carefully scrutinized. We assess our risks, analyze the required ALLL at frequent intervals, and decline loans that are not in the best interest of the Bank. Placing additional burdens on our Board, and all community bank boards, is not necessary.

We have not received regulatory criticism from either the Tennessee Department of Financial Institutions or the FDIC with respect to our CRE loans, loan and credit administration, or concentrations of credit.

We have an annual outside review of our loan portfolio from an experienced bank consulting firm that is expert in loan review, including the analysis of concentrations of credit.

If the Bank were to be required to comply with the Guidance:

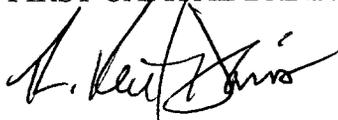
- a. We might be forced to sell some loans or
- b. We would be forced to increase capital if we decided not to sell loans;
- c. We would suffer increased costs to further document our risk management systems and credit administration;
- d. We would suffer increased audit and loan review costs; and
- e. We would lose business to the big market players.

ADDITIONAL COMMENTS

It should be noted that commercial real estate loans do not constitute a single type of loan. Many of our loans simply use commercial property as collateral, thereby making the credit stronger for the collateral taken as security. Our loans are diverse because our economy is diverse. The risks inherent in different types of "CRE" are obviously not the same, and to lump them together under the Guidance's restrictions will put our ability to compete in this vibrant market in jeopardy. If the FDIC seeks, as we believe you do, to permit community banks to compete on a relatively level playing field, then you should trust us to make good loans, to avoid concentrations of credit that will do damage to the Bank's capital, and to run our banks in a safe and sound manner.

Respectfully submitted,

FIRST CAPITAL BANK

A handwritten signature in black ink, appearing to read "R. Kent Davis", is written over the printed name below.

R. Kent Davis, President and CEO

Copy: Members of the Board of Directors of First Capital Bank